

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the April 2006 to the July 2006 *Idaho Economic Forecast*. The April 2006 *Idaho Forecast* is based on Global Insight's March 2006 baseline forecast and the July 2006 *Idaho Forecast* is driven by Global Insight's July 2006 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed compared to the April 2006 *Idaho Economic Forecast*. The national variables are reviewed first. Interestingly, the national variables present mixed signals. For example, output, both nominal and real, are higher than in the previous forecast. Likewise, both U.S. nonfarm employment and inflation are up above their previous forecasts. These variables point to an improved economic outlook. However, national real personal income is lower in each year of the current forecast compared to the April 2006 forecast. One reason real income is lower is that inflation is higher in the current forecast. Another reason real income is weaker is because the farm proprietors' and dividend, interest, and rent components of personal income are lower than in the previous forecast. These components are the least impacted by nonfarm employment, which explains why employment is stronger in the current forecast, but personal income is weaker than in the previous forecast.

Unlike the national economy, the prospects for Idaho's economy has improved compared to the previous forecast. This improvement is evident in the employment and personal income projections. For example, the Gem State's nonfarm employment forecast has been raised 0.1% in 2006, 0.5% in 2007, 0.8% in 2008, and 0.8% in 2009. The cumulative impact of this stronger growth results in an expected 5,624 more jobs in Idaho in 2009 than had been forecasted three months ago. This strength is spread through both the goods- and nongoods-producing sectors. In 2009, there are about 3,800 more goods-producing jobs than in the previous forecast and nongoods-producing employment is up 1,800. The outlooks for Idaho nominal personal income is also up from the previous forecast after this year. On the other hand, Idaho real personal income is lower than in the previous forecast because of higher inflation.

**IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN
JULY 2006 AND APRIL 2006 FORECASTS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009
GDP (BILLIONS)									
Current \$	0	0	0	0	1	51	145	174	183
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	1.0%	1.2%	1.2%
2000 Chain-Weighted	0	0	0	0	0	8	30	43	30
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.4%	0.2%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	0	0	0	0	37	-148	45	216	202
% Difference	0.0%	0.0%	0.0%	0.0%	0.1%	-0.3%	0.1%	0.4%	0.4%
U.S. (Billions)	0	0	0	0	-12	-84	-36	19	29
% Difference	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.8%	-0.3%	0.2%	0.2%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	0	0	0	0	29	-398	-337	-150	-146
% Difference	0.0%	0.0%	0.0%	0.0%	0.1%	-1.1%	-0.8%	-0.4%	-0.3%
U.S. (Billions)	0	0	0	0	-11	-141	-125	-66	-53
% Difference	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.5%	-1.3%	-0.6%	-0.5%
TOTAL NONFARM EMPLOYMENT									
Idaho	-1	8	11	12	-929	2,211	2,993	5,075	5,624
% Difference	0.0%	0.0%	0.0%	0.0%	-0.2%	0.3%	0.5%	0.8%	0.8%
U.S. (Thousands)	0	0	0	0	0	-45	185	494	532
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%	0.4%
GOODS PRODUCING SECTOR									
Idaho	1	4	6	7	-31	2,867	3,861	4,733	3,814
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	3.3%	4.1%	3.3%
U.S. (Thousands)	0	0	0	0	1	53	156	145	104
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.7%	0.7%	0.5%
NONGOODS PRODUCING SECTOR									
Idaho	-1	4	5	5	-898	-655	-868	342	1,810
% Difference	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	-0.2%	0.1%	0.3%
U.S. (Thousands)	0	0	0	0	0	-97	29	349	428
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.3%	0.4%
FINANCIAL MARKETS									
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.5%	0.2%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.5%	0.2%	0.0%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%	0.1%
INFLATION									
GDP Price Deflator	0.000	0.000	0.000	0.000	0.011	0.376	0.927	1.010	1.163
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.013	0.810	1.104	0.952	0.872
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.018	0.026	0.022	0.019

Forecast Begins the **SECOND** Quarter of 2006